

## **EU warns U.S. EV credit may backfire**

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### **Body**

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A new U.S. tax credit aimed at encouraging Americans to buy electric vehicles may backfire and limit choices for consumers because of concerns it's weighed against European Union manufacturers, the EU trade chief said Thursday.

Valdis Dombrovskis held a virtual meeting with his U.S. counterpart Katherine Tai to address a wide range of trade issues, including the tax credit provision.

Democrats included the credit in the climate and health care policy law passed last month as a way to incentivize domestic battery and electric vehicle production. But manufacturers in Europe and South Korea, which sell millions of vehicles in the U.S., have threatened to lodge legal complaints with the World Trade Organization.

The European Commission said parts of the law can help fight climate change by accelerating the transition away from fossil fuels but the EU's executive branch said it is concerned by the "potential discriminatory nature of electric vehicle tax credit provision."

"While the EU aims to co-operate closely with the U.S. in climate action, green measures should not be designed in a discriminatory, WTO-incompatible way," it said.

The EU Commission said both sides agreed to continue discussions on the topic.

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